

DOING BUSINESS IN LIBERIA



Produced by the Economic/Commercial Section
United States Embassy, Monrovia, Liberia

Updated: August, 2007

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Historical Background

Liberia, Africa's oldest republic is located on the West coast of Africa along the Gulf of Guinea and shares borders with Sierra Leone, Guinea, and Cote d'Ivoire. Liberia is a member of the Economic Community of West African States (ECOWAS), the African Union (AU) and the United Nations (UN).

Liberia was founded in 1821 when officials of the American Colonization Society (ACS) were granted possession of Cape Mesurado by local chiefs for the settlement of freed American slaves. African-American immigrants arrived in 1822, the first of some 15,000 to settle in Liberia. The Colony struggled during its early years as hostility from indigenous tribes and tropical diseases took their toll. In 1847, the colony was declared an independent republic. Conflicts over territorial claims resulted in the loss of large areas of land to Britain and France. However, rivalries between the Europeans colonizing West Africa and the interest of the United States helped preserve Liberian independence during this period. The Americo-Liberian minority controlled the country's politics, and new immigration virtually ended with the American Civil War.

In 1909, the government was bankrupt, and floated a series of international loans. Firestone leased large areas for rubber production in 1926. In 1930, scandals broke out over the exportation of forced labor from Liberia, and a League of Nations investigation upheld the charges that slave trading had gone on with the connivance of the government.

President Tubman (1944-1971) undertook new policies to open the country to international investment and to allow the indigenous peoples a greater say in Liberian affairs. The country's mineral wealth, particularly iron ore, began to be exploited, and there was a gradual improvement of roads, schools, and health standards. Upon Tubman's death in 1971, Vice President W. R. Tolbert took charge, and in 1972, he was elected to the presidency. Tolbert cultivated a democratic climate and favorable relations abroad.

In 1980, Tolbert was assassinated in a coup led by Master Sergeant Samuel K. Doe. The government unleashed a campaign to subdue opposition. In 1984, the military government instituted a series of constitutional reforms that included shortening the presidential term and outlawing the formation of a one-party state. Doe became Liberia's first indigenous president in 1985.

Late in 1989, Liberia was invaded from Côte d'Ivoire by rebel forces of the National Patriotic Front of Liberia (NPFL), led by Charles Taylor, who proclaimed himself president. In 1990, Doe was assassinated by another group of rebels led by Prince Yormie Johnson. The Economic Community of West African States (ECOWAS) intervened to negotiate a peace settlement among the two rebel groups and the government. ECOWAS also sent a Nigerian-led West African peacekeeping force to Monrovia and installed an interim government led by Amos Sawyer.

In August 1995, a peace accord was signed in Abuja, Nigeria, that provided for an interim government headed by Wilton Sankawulo. In April 1996, fierce factional

fighting resumed in the capital; however, disarmament began later that year, and the war formally ended in 1997. It is estimated that between 150,000 and 200,000 lives were lost in the civil strife, and hundreds of thousands of refugees fled the country.

In July 1997, a multiparty presidential election brought Charles Taylor to power. In the late 1990s, Liberia was accused of supplying troops to support rebel forces in Sierra Leone's civil war. In May 2001, the UN imposed sanctions on Liberia. In mid-2001, fighting erupted in Northern Liberia between anti-Taylor rebels and government forces. The rebels expanded their attacks with Liberian United for Reconstruction and Democracy (LURD) waging a campaign from the North-West and Central Liberia while the Movement for Democracy [MODEL] pursued its campaign from the South-East. By mid-2003, the rebels controlled roughly two thirds of the country and threatened to seize Monrovia. This led to calls for Taylor to step down; he obliged and resigned in August 2003.

Taylor resigned and went into exile to Nigeria. He was temporarily succeeded by his vice president, Moses Blah. A peace agreement was signed with the two rebel groups in Accra, Ghana and several thousand West African peacekeepers arrived. In October 2003, the West African force was placed under UN command and was reinforced with troops from other nations. Businessman Gyude Bryant became president of a power-sharing government, the National Transition Government of Liberia (NTGL).

Despite the accord with the rebels, fighting initially continued in parts of the country. Tensions among the factions in the national unity government also threatened the peace. By the end of 2004, however, more than 100,000 Liberian fighters had been disarmed and the former government and rebel forces agreed not to rearm. In June 2004, a program to reintegrate the fighters into society began. In light of the progress made, Chairman Bryant requested an end to the UN embargo on Liberian diamonds and timber, but the Security Council postponed such a move until the peace was more secure. Bryant's government was hindered by corruption and a lack of authority in much of Liberia.

Presidential and general elections were held on October 11, 2005. There were 22 presidential candidates and 762 legislative candidates contesting 64 representatives and 30 senatorial positions. After the first round of elections, George Manneh Weah and Ellen Johnson Sirleaf won the highest number of votes with neither acquiring the 51% needed to win. A runoff was held on November 8, 2005. Ellen Johnson Sirleaf was declared winner with 59.4% of votes cast and was inaugurated on January 16, 2006 as Liberia's 23rd President. In her inaugural address, she pledged to fight corruption, reconcile the country and resuscitate the economy.

The government has made significant efforts in reviving the economy and ensuring that the environment is conducive for political and economic activity.

Economic Overview

Liberia's abundant natural resources make it a country with great potential for investment. Though civil unrest and insecurity has stymied this potential in the last 15 years, Liberia currently enjoys peace. Nevertheless, two decades of civil unrest destroyed the country's institutions and the economy. Agriculture, mining, and local manufacturing activities came to a halt. However, since the United Nation's intervention, Liberia's economic indicators including real GDP, inflation, prices, and exchange rates have shown positive signs. United Nations, U.S. Treasury, the IMF and international non-governmental organizations (NGOs) experts and advisors in the area of forestry, mining, judicial reform and governance are helping to create the conditions for economic growth and sound financial management and accountability.

The death of an estimated 150,000 – 200,000 Liberians, lack of educational opportunities and the migration of many others to other countries during the 1990 – 2000 civil conflict has created a shortage of skilled manpower. The literacy rate is estimated at 30 percent and the official unemployment rate in the formal sector is likely above 85 percent. The population is estimated to be 3.4 million with a growth rate of 2.5 percent. Liberia is one of the poorest countries in the world with a per capita GDP of US\$548. The average year-on-year inflation rate for 2006 was 7.4 percent.

Economic recovery started in 2004 with a 2.6 real GDP growth rate, the recovery enhanced with a 7.8 percent real GDP growth in 2006. All these figures are estimates, as consistent and reliable economic data have not been collected for years. In 2006, prices of essential commodities stabilized as supply constraints eased and exchange rates remained relatively stable. Foreign exchange rates range from 55 – 60 Liberian dollars to 1 US dollar. This stability is largely due to the return of private capital, donor aid inflows and demand for local currency associated with increased business activity. The government is committed to implementing policies that are investment friendly and geared to attracting foreign investment. Private sector led economic growth provides the means to alleviate pressing socio-economic and other concerns.

Starting a Business in Liberia

Foreign companies may do business in Liberia as a sole proprietorship, partnership or corporation. A business may be incorporated locally or abroad, and its ownership can be a combination of foreign and local ownership or foreign owned. New businesses are required to register with the Ministry of Commerce and Industry (MCI) by submitting a Letter of Application and complete pre-registration forms that are available for US\$100.00 from the Ministry of Commerce and Industry cashier. Documents must state the proposed name of the business, initial capital, location, ownership and nature of business activities. The registration fees for foreign businesses are as follows: Sole Proprietorship – US\$700; Partnership – US\$800; Corporation – US\$900.

Depending on the amount of capital, the sector (e.g. mining, energy, agriculture, telecommunications), and location of the investment, investors may be eligible for investment incentives offered by the National Investment Commission (NIC). Foreign investors are advised to provide the NIC with a detailed project proposal to determine if the intended investment qualifies for investment incentives or concessions on custom duties or tariffs.

The embassy recommends that investors engage a lawyer to prepare the documents of incorporation and make contacts with the Ministry of Foreign Affairs. The involvement of a lawyer helps to curtail bribery and rent seeking. There are other regulations that businesses will have to meet if they want to remain in business and these require interaction with various ministries and agencies for licenses and clearances.

Government Incentives for Foreign Investors

On March 21, 1966, the Liberian Parliament adopted the Investment Incentive Code of the Republic of Liberia (the Code). The Code, revised on March 6, 1973, prohibits nationalization of private enterprises and aims to attract the foreign investment needed to stimulate Liberia's economy. The National Investment Commission of Liberia (NIC) implements the Code. The NIC investment incentives may be granted to businesses involved in projects that process, fabricate, manufacture finished and semi-finished goods from raw materials and/or assemble finished goods from component parts. Incentives may also be given to entities that undertake approved investment projects in the following sectors: agriculture, forestry, fishing, mining and quarrying, building and construction, transportation and communication as well as electricity, gas, and water (if this is not contrary to the Public Authorities Law). The incentive provided to businesses may differ based on the amount invested and the nature of the investment.

At present, the National Investment Commission is proposing revisions to the Investment Incentive Code which will be incorporated by the Ministry of Finance into a new Tax Code expected to be finalized in 2007.

(Visit the National Investment Commission website at: www.libnic.net)

Customs Duties and Standards

The Bureau of Customs and Excise in the Ministry of Finance is responsible for the collection of custom duties and standards. The Customs Revenue Code and Harmonized Description and Coding System of the Customs Tariff Schedules of the Liberia Act of 2000 (Phase one of the Reform Tax Code of Liberia) provide the regulatory regime for custom duties and standards. The Code's aim is to ensure that customs officers assigned at ports properly process imports or exports, collect duties thereon and administer the various provisions of the customs law.

Except as otherwise allowed under the customs laws, no vehicle or vessel shall enter or depart from Liberia by land or inland waterway, or carry any imported goods on which the duty has not been paid in transit through Liberia by land or inland waterway. The person in charge of any vehicle or vessel entering Liberia which is carrying any goods, or importer of any goods, should proceed to the nearest customs point of his entry and tender to the officer any manifest, waybill, loading list, tally, invoice or other document in his possession relating to the goods. This process provides the custom agent with the information necessary to properly impose import or export levies, if any.

Duties on imported goods range from 2.5 percent to 25 percent. Most luxury items, including electronic equipment, furniture, clothes, and alcoholic beverages have a 25 percent duty. Customs officers often assess and tax goods more than is required and are susceptible to bribes.

Exemption

There are various exemptions from customs duties. The National Investment Commission (NIC) has an incentive program that includes waiver of duties and tariffs. The NIC exempts from customs duties and stamp fees up to 100% on approved imports of: machinery and equipment; spare parts; raw and auxiliary materials; building and construction materials. Also exempted from duties are government agencies, charitable private organizations that are approved by and registered with the republic of Liberia, foreign governments, foreign diplomatic representatives, consular officials, and international organizations and their officials.

Liberia has a clearly defined Code of Custom standards, but the organization of the Bureau of Customs and the capacity of staff in the field is limited. The government has streamlined the numbers of exemptions and is working to reform the Bureau of Customs and Excise.

Overview of the Banking Sector

Commercial Banks in Liberia are governed by, the 1999 Banking Act (the Act). The Act, among other things, details the banking sectors licensing, regulatory regime, and minimum capital requirements.

Licensing and Regulations: The Act spells out the requirements to establish a bank in Liberia. Key sections detail provisions regarding: articles of incorporation, shareholder lists and proposed equity ownership, the professions and other business interests of shareholders; names of principle officers and Board of Directors, and a viable business plan. Once licensing requirements are satisfied, the new bank is issued a provisional banking license valid for six months. The provisional license enables the bank to establish operations in the country. After a six-month review to determine that the bank has fully established its operational requirements, the provisional license converts to a full operating license.

Minimum Capital Requirement: The Act sets a statutory minimum capital requirement of US\$2 million or (L\$80 million) for all banks. The required capital is to be deposited in an escrow account in a bank acceptable to the Central Bank of Liberia (CBL). Many banks elect to hold this capital in banks operating in the United States or Europe. The Act does not restrict foreign ownership in the financial sector.

Bank Supervision and Policies: In December 2004, the CBL introduced the Bank Restructuring and Resolution Policy to restructure the banking sector. The policy introduced a number of new regulations and guidelines to improve the management of banks and to provide additional safeguards for depositor funds. The policy requires that commercial banks increase their capital to reflect impaired loans on their balance sheets, which would reduce net profitability and dividends available to shareholders. The current management of the CBL insists that commercial banks operate within the confines of prudential regulations. Current trends show improved profitability in the banking sector and domestic economic recovery.

Operating Banks: There are five commercial banks in Liberia: Liberian Bank for Development and Investment (LBDI), ECOBANK Liberia Limited, International Bank (Liberia), Global Bank Liberia Limited and First International Bank. Since 2006, with improved security environment, banks have started to establish branches across the country: a signal of renewed confidence in the economy. The recovery of the economy may signal the need for other financial institutions. Before 1989 more than 10 banks operated in the country.

Central Bank of Liberia website: www.cbl.org.lr

Property Ownership and Protection of Property Rights

Chapter III, Article 22 of Liberia's Constitution provides for real property rights as follows: Every person shall have the right to own property alone as well as in association with others; provided that only Liberian citizens shall have the right to own real property within the Republic. Private property rights, however, shall not extend to any mineral resources on or beneath any land or to any lands under the seas and waterways of the Republic. All mineral resources in and under the seas and other waterways shall belong to the Republic and be used by and for the entire Republic. Non-citizen missionary, educational and other benevolent institutions shall have the right to own property, as long

as that property is used for the purposes for which acquired; property no longer so used shall revert to the Republic.

The constitutional provision that denies real property ownership rights to foreign nationals and firms is a serious obstacle to foreign investors and has limited most foreign businesspeople to commercial trade and service industries.

Liberia's record system for deeds and secured property interests and many other records were destroyed during the civil conflicts. This causes many disputes over real estate ownership and most judgments remain vague and unsettled. The Ministry of lands, Mines and Energy needs to pursue the classification of land through a cadastre that will rationalize land ownership. The lack of adequate facilities and salaries for judicial officers also degrades enforcement of property rights.

Labor Regulations and Issues

The Labor Code enacted by the Legislature is the cornerstone of the Labor Practices Law of Liberia. The Ministry of Labor has successfully interacted with the National Legislature to repeal the People's Redemption Council (PRC) Decree 12, which prohibited workers from going on strike. A repeal of 1508 (3) of the Labor Law giving employers the right to dismiss an employee without cause is before the legislature. The House of Representatives have passed the repealed act, but the Senate is reviewing and consulting on the document. The repeal of 1508 (3) may have a serious impact on the attraction of investment and undermine business growth. The application of Section 1507 of the Labor law dealing with the employment and the hiring of workers including foreign workers, including Section 75 regarding preferential treatment to Liberian workers, is also of special importance to foreign investors.

Wage Structure and controls

Minimum Wage Board and Fixed Minimum Wage: A Minimum Wage Board created in the Ministry of Labor determines the minimum wage to be paid to each class of employee within the Republic of Liberia. Minimum wage provisions do not apply to government employees, employees engaged in domestic or professional services, employees in firms with less than four employees, employees in firms in which only the employer's family is employed and entities where employees hold a managerial position or are employed in a confidential capacity.

An unskilled laborer shall be paid at the rate of not less than twenty-five cents an hour if he is an industrial laborer and not less than one dollar and fifty cents per eight-hour day if he is an agricultural laborer, exclusive of fringe benefits.

Social Security

The National Social Security and Welfare Corporation (NASSCORP) was established by an Act of the National Legislature on July 10, 1975 to administer Liberia's Social Security Program. It also administers the Employment Injury Scheme (EIS) and the National Pension Scheme (NPS).

Employment Injury Scheme (EIS)

The EIS provides benefits to employees injured or disabled due to an accident in the workplace or to dependents of an employee who dies due to such an accident. The amount of the benefit is based on the person's average monthly earnings before the accident. Contributions under this scheme are paid only by the employer at the rate of 1.75% of the monthly earnings of each employee. Benefits provided under this scheme include:

- Disablement benefit, which may either, be temporary or permanent;
- Death benefit or dependent's benefit to widow, children et cetera;
- Constant Attendance Allowance (CAA);
- Funeral Grant which is given to the person who incurs funeral expenses; and
- Medical Care

The evaluation to determine the degree of disability is done by a Medical Board, consisting of three (3) medical practitioners out of a membership of 13 medical doctors who are not salaried employees of NASSCORP.

The National Pension Scheme (NPS)

This scheme helps retired people, employees unable to work due to serious illness or disablement, and dependents of deceased members of the scheme. It covers all employees working in Liberia or abroad for a Liberian employer. The employer should have five (5) or more employees. This scheme does not cover:

- Individuals born before September 1, 1929;
- Individuals below 16 and above 65;
- Individuals earning less than \$50.00 monthly;
- Wives working for their husbands and vice versa; and
- Members of the Armed Forces of Liberia and Security Forces.

Under the NPS, in the event of a change in job, an employee maintains his/her Social Security number and continues contributions. Benefits include:

Retirement Pension

The insured is entitled to 25% of his/her average earnings for life provided the insured: attains the age of 60 or 65 maximum and retires from work; pays his/her contribution of 3% of average earnings for 100 months (8 years 4 months) as well as if his/her employer concurrently pays a monthly contribution of 3% of the worker's average monthly earnings. Following these payments, the rate of pension benefit increases by 1%. The

rate of pension is dependant on the number of monthly contributions paid and the average monthly earnings during the highest three years before retirement.

Invalidity Pension

The insured is entitled to 25% of his/her average earnings for life provided the following conditions are satisfied: medical condition wherein one is examined by a medical board, which will decide if one is permanently incapable of work or not; contribution condition wherein the employee has paid at least 50 monthly contributions during the last 60 months before stopping work as well as contributions for at least two-thirds of all possible months from the date of joining the scheme.

Survivors' Pension

The insured is entitled to 25% of his/her average earnings for life. The entitlement is granted when one dies before the age of 60 and has paid at least 50 monthly contributions. A survivors' benefit will be paid to dependents, with a widow receiving 50% for life of the amount the deceased would have received had he been alive or until remarriage, and each child up to 5 years of age receiving 10% of the insured's pension entitlement; children up to 18 years or until they finish full-time education also receive allowances.

Each insured worker is entitled to a Social Security number and identification Card.

Pension of Foreign Workers

Foreign employees working in Liberia have the same rights and obligations as Liberians under the NPS. On their permanent departure, they can apply for a refund of all the contributions they have made. Alternatively, they can leave their contributions in the scheme and receive a pension in their country at the age of 60.

Unions

According to Liberian law, labour organizations and associations of employers shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programs.

In line with labour practices and laws related to the privileges and functions of labour unions, no industrial labour union or organization shall exercise any privilege or function for agricultural workers and no agricultural labour union or organization shall exercise any privilege or function for industrial workers.

There shall exist among employees and employers freedom of association without distinction, including the right to establish, and subject to the rules of the organization concerned, to become members of organizations of their own choosing without previous

authorization or coercion. In this regard, no employer shall discriminate against an employee because of membership in a labor organization.

Price Controls

The Price Analysis and Marketing Division of the Ministry of Commerce and Industry monitors prices in Liberia to ensure price stability. Market forces generally determine the price of most goods in the Liberian economy. However, commodities that the Government of Liberia considers strategic national commodities, such as rice, cement and petroleum products, are closely monitored and controlled. Historically, the hoarding of these items and/or radical price increases of these commodities have led to political and civil unrest. In 1979, a major riot erupted when the Government of Liberia raised the price of rice, supposedly to create an incentive for self-sufficiency.

Price control policies and practices, government intervention, licensing procedures, and corruption all have the potential to distort the market. Licenses are frequently given to those with political connections and unscrupulous businesspeople often manipulate the market to create artificial shortages and ignore government price controls. The Ministry of Commerce rarely penalizes individuals found guilty of violating its pricing policies. The price determination process is opaque. The stability of prices in the marketplace is a function of many factors. While shipping, custom duties, and service related charges are transparent, other costs associated with bureaucratic red tape and corruption are not, and these costs are passed on to the consumer.

The impact of prices on consumers in Liberia is critical because of high unemployment and low wages. The involvement of officials in price fixing and other bureaucracy impediments that affect the price of goods and other commodities in the market must cease. Coherent government policies on price controls are vital to resuscitate Liberia's economy.

As Liberia attempts to normalize its economic and commercial relations with its neighbors and the international community, especially multilateral institutions, it will have to harmonize its trade and investment regime to regional and international standards. It will also have to determine when and under what conditions to protect its infant industries and open its markets to so-called strategic commodities.

Public Tender and Government Procurement

The Public Procurement and Concession Commission (PPCC) has oversight responsibility to regulate and monitor all forms of public procurement and concessions practices in Liberia. The PPCC replaced the Contracts and Monopoly Commission (CMC) with the mandate to monitor procurement entities and ensure compliance with the Act of 2005 for all public procurement and awarding concessions. This mandate seeks to ensure economy, efficiency, and transparency and promote competition so that the government gets "value for money" in the use of public funds. The creation of the PPCC streamlines the activities of the General Service Agency (GSA) which was previously the

government agency authorized by law to procure goods and services on behalf of the government of Liberia. The GSA now maintains and disposes of government assets.

Public tender and government procurement procedures are the subject of constant controversy and review because various ministries, state-owned enterprises and public corporations also have the right to procure goods and services. In the past, the public tender and procurement process was characterized by rescinded contracts and procedures that lack transparency and the PPCC was involved in the review of contracts and concession signed by the NTGL. Many of these contracts did not meet agreeable international best practice. Efforts to reform public tender and procurement procedures appear daunting, but the PPCC, civil society organizations and international partners are committed to ensuring that rules and regulations are met.

Rule of Law and Dispute Settlement

Liberia is attempting to rebuild but currently lacks the legal environment required to launch a revitalization of the devastated political, social, and economic institutions. The numerous conflicts reduced the ability of successive governments to exercise central authority and control throughout the nation. The judiciary is weak and corruption rife; judges and other judicial officers are poorly paid, courthouses are in disrepair and administrative support is virtually non-existent.

Years of disregard for the rule of law have affected the economic vibrancy of the country. Liberia has a body of law that is similar to the criminal and civil laws in many developed countries, including the U.S., but these laws are not implemented consistently or predictably. The government's failure to protect business investments in the past has made it impossible for firms to rely upon the court system as a fair arbiter of disputes.

However, the current government has indicated its commitment to judicial reform, and the presence of UNMIL and the involvement of numerous multilateral institutions and international non-governmental organizations in governance initiatives have granted Liberia an opportunity to transform the justice system. The country has made notable improvement in the training of security and law enforcement agencies, and justice sector reform is an ongoing priority of the government.

Foreign Trade Zones/Free Ports

In 1976, the government of Liberia created the Liberia Industrial Free Zone Authority (LIFZA) to promote industrial and corporate growth. It designated several areas as free trade zones. Industries established in the zones are exempt from import duties and taxes on income. The Free Port of Monrovia is the only one of these zones operational. A LIFZA area constructed in an industrial zone close to the port used to be home to a number of manufacturing industries. These were damaged and looted extensively during the course of several civil conflicts and are no longer operational. Presently, the UN

Mission in Liberia (UNMIL) occupies what is left of the zone's facilities as one of its bases (Star Base). Other areas designated as industrial zones located along Somalia Drive between the Barnesville and Stephen Tolbert Housing Estates, once economically vibrant during the seventies and eighties, have suffered extensive damage and are currently occupied by squatters.

The government of Liberia is considering measures to resume its free trade zone initiative in order to revitalize its industrial base and resuscitate the economy. Continued improvements in security, governance and transparency will be required if such measures are to succeed.

Liberianization Policy

In 1975, the government of Liberia approved an Act to amend the General Business Law of Liberia regarding business regulations. The Act set aside twelve (12) business activities to be operated exclusively by Liberians. In 1998, the Act was amended and extended the Liberianization policy to twenty-six (26) business activities. Section 12.1: of the Act lists businesses to be operated exclusively by Liberian Citizens or qualified persons (resident domestic entities that are owned 100% by Liberian citizens, both legally and equitably):

1. Block making with cement, clay or like materials
2. Supply of sand, stone and granite
3. Operation of Gas Stations
4. Peddling
5. Ice Cream Manufacturing
6. Commercial Printing
7. Travel Agencies
8. Advertising Agencies
9. Graphics and Commercial Arts
10. Distribution in Liberia of locally manufactured products (this provision shall not prevent manufacturers or producers from transporting or otherwise distributing their products to Liberian citizens or qualified persons for resale).
11. Cinemas
12. Production of poultry products
13. Importation or sale of second-hand or used clothing
14. Retail sale of rice
15. Ice making or sale of ice
16. Operation of water purification or bottling plant value at less than US\$100,000.00 or the sale/distribution of water purified in Liberia
17. Importation and sale of used cars
18. Tire repair shops
19. Auto repair shop with investment of less than US\$50,000.00
20. Entertainment centers not connected with established hotels
21. Retail sale of animal and poultry food

22. Taxi and trucking
23. Shoe repair shop
24. Retail sale of timber and planks
25. Bakeries
26. Retail sale of Pharmaceuticals

Enforcement of the law has been weak and many foreign-owned businesses operate in contravention of the law. But the Act is very popular with many Liberians who believe that the measure has not yet achieved its goal of increased participation of Liberians in small-scale commercial industries. The Liberia Business Association (LIBA), an umbrella organization established by an Act of the Liberian National Legislature in 1975, is a strong advocate for strict implementation of the Liberianization policy. The current government has expressed its commitment to enforce the Act and help Liberian businesses gain a larger share of the market. But there are concerns that the Act is often abused by government officials to selectively promote their own personal interests or those of their allies.

Immigration Laws and Regulations

The Bureau of Immigration and Naturalization (BIN) has oversight of the country's immigration regime. The BIN's task is to ensure that all persons that enter and leave the country follow the laws that govern entry and duration of stay. The BIN requires that all foreigners (except ECOWAS citizens with valid passports) visiting Liberia obtain a visa. A visa is acquired from Liberian embassies around the world or can be facilitated by a contact in Liberia before arrival (the latter method is unreliable and not advisable). The BIN requires visitors to get a temporary stay stamp within 48 hours of arrival. The stamp permits the visitor to stay between 30 – 90 days. A Resident Permit is required if one intends to work or stay in excess of ninety days. The Resident Permit is acquired in collaboration with the Ministry of Labor. In addition, one must acquire a Re-entry Permit, which acts as a multiple entry visa and allows one to make unlimited trips to and from Liberia without additional cost or procedure. The work permit payment is as follows:

<i>Category</i>	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>
Non African Alien	US\$250	US\$450	US\$550
African Alien, non ECOWAS	US\$100	US\$150	US\$200
African Alien ECOWAS	US\$75	US\$100	US\$150
INGOs and NGOs	US\$50	US\$50	US\$50
UN	FREE	FREE	FREE

There are various charges associated with the acquisition of visas and other documents. The cost of a visa at various embassies may differ. Liberia's Embassy visa cost schedule can be accessed via the website of the Liberian Embassy in the United States of America

at www.embassyofliberia.org/consular/index.html. An application for Temporary Stay can be purchased from ECOBANK (Liberia) Limited for US\$20. The acquisition of an airport visa is US\$100.00.

Exit visas are no longer required. However, certain taxes are levied and collected at exit points by Government of Liberia bodies other than the BIN. Exit by land border and sea requires a tax payment of US\$5.00. An airport departure tax of US\$25 is levied on all air travelers.

In accordance with International Health Regulations, all persons entering Liberia are required to have a valid Certificate of Immunization against Yellow Fever. Travelers are advised to make sure that all travel documents are in order and all legitimate fees paid when traveling to and from Liberia to avoid harassment and intimidation.

Intellectual and Industrial Property Rights

Liberia is a member of the World Intellectual Property Organization (WIPO) and a signatory to several international conventions on the protection of intellectual and industrial property rights, including the Berne, Madrid, Lisbon, and Vienna conventions. The Act adopting the New Copyright Law of Liberia, approved on July 23, 1997, provides the legal and administrative framework for the effective implementation of programs intended to protect and revitalize intellectual and industrial property rights protection in Liberia. The Copyright Office (CRO) and Industrial Property Office (IPO) manage these issues. The law makes it a criminal offense for any person to copy willfully from the work of another for the purpose of commercial advantage or private financial gain. The statute also provides for the forfeiture and destruction and/or other disposition of equipment used in the manufacture or production of infringing copies.

Holders of intellectual property rights have access to judicial redress as specified in the Act. However, despite Liberia's ascension to various conventions, enforcement of intellectual and industrial property rights is minimal. The agencies charged to handle these issues are not properly funded or staffed and intellectual and industrial property right enforcement is not a priority for government prosecutors.

The illegal trade and infringement of intellectual and industrial property rights flourishes in Liberia's markets: movies and music are duplicated, counterfeit pharmaceuticals abound, and counterfeit apparel, cosmetics, computer software and hardware are imported from countries in Asia and Africa. This illegal trade results in millions of dollars of lost revenue to the rightful owners of the patents and copyrights. The Embassy is hopeful that reactivation of the CRO and IPO offices, coupled with the new government's commitment to reforms will boost efforts to curb intellectual and industrial property theft. The Embassy urges the new government to prioritize intellectual and industrial property rights enforcement, as enforcement of the rule of law is required for economy recovery and Liberia's integration in the world order.

Infrastructure

Telecommunications

The current government has made strides in reform of the sector. The Legislature has approved and the President signed into law a new Telecommunications Act (2007) creating and authorizing the Liberia Telecommunications Authority (LTA) as the primary telecommunications regulator. The creation of the LTA leaves the Ministry of Post and Telecommunications focused on policy formulation. The LTA is in the process of establishing a set of policies and procedures to codify the rules and regulations contained in the new law.

Fixed Lines

The Liberia Telecommunications Corporation (LTC), the nation's principal operator, has the legislative mandate to operate, build and provide fixed telecommunication facilities and services within Liberia. Over the last fifteen years, war caused serious destruction of LTC's infrastructure (rural networks and exchanges, and terrestrial microwave network). The company's subscriber base of 6,000 fixed lines uses mostly obsolete analog technology so interconnectivity with other operators, especially mobile operators, is difficult if not impossible.

LTC's difficulties are compounded by gross mismanagement and lack of vision. The 2007 Telecommunications Law provides an opportunity for LTC to redefine and reorganize itself, shed government intervention and incompetent bureaucrats who have used LTC as a source of income for personal and unofficial business and begin to partner with providers in the mobile and Internet sectors. The law also mandates LTC to fill gaps in telecommunications service not provided by private operators.

(GSM) Operations

Four licensed GSM companies operate in Liberia: Lonestar Communications Corporation; Comium Liberia Incorporated; Atlantic Wireless Liberia Inc./LiberCell and Cellcom Telecommunications Inc. The GSM sector has attracted significant private investment that has created one of West Africa's most vibrant and competitive markets for mobile services. Thousands of Liberians are scrambling to acquire mobile phones. According to recent estimates, the total number of mobile subscribers is in excess of 500,000. Expansion possibilities for the mobile communication sector in Liberia are favorable, as GSM operators have linked all the counties.

Internet Services

Internet access in Liberia continues to improve as new companies enter the market and sector liberalization continues. All four GSM companies provide internet services and in 2007, the satellite television provider, DSTV, began offering internet connectivity.

Competition and liberalization has led to lower internet subscription fees. Due to the lack of land lines, internet access in Liberia is obtained through wireless equipment.

Shipping

Liberia's ports are located in the cities of Monrovia, Buchanan, Greenville and Harper. Fifteen years of instability, extensive destruction of the infrastructure and loss of technical expertise have undermined the effectiveness of Liberia's ports. All ports need serious rehabilitation and the Freeport in Monrovia is at present the only port capable of handling cargo containers.

The Freeport of Monrovia has four piers and one main wharf. Three of the wharf's four berths are operational, while the capsized vessel, "Torm Alexandria" makes the fourth berth unavailable for use. The ports of Liberia have not been dredged in the last decade and the port authority lacks the modern equipment to efficiently load and offload vessels. As a result, port handling and insurance fees are higher than in neighboring countries.

Traffic at the ports at Buchanan, Harper and Greenville has decreased significantly since the imposition of United Nations' sanctions on timber exports. The cessation of iron ore mining in Yekepa, Nimba County directly affected the Port of Buchanan. The Mineral Development Agreement between ArcelorMittal and the government on mining of iron ore in Yekepa will ensure the rehabilitation of the mining wharf of the Port of Buchanan. The resumption of logging activities should lead to increased port traffic and employment at other ports.

The rehabilitation of Liberia's ports is crucial to the revival of the Liberian economy. The ports need to procure modern equipment, build the capacity of staff and ensure effective management of resource.

Road Transport

The limited number of usable roads throughout Liberia impedes road transportation. Years of continued conflict left most of the roads unattended and in need of major repairs. The poor condition of roads impedes trade, and severely restricts farmers' ability to bring their produce to market. During the rainy season, from April to October, most roads are inaccessible. The rehabilitation of Liberia's road network is one of the major challenges facing the new government. International donors are currently assisting the country with the repair of some of the most vital roadways.

Rail Transport

Rail transport in Liberia was established primarily for use by iron ore mining concessionaires. Rail lines ran from: Yekepa in Nimba County to the Port of Buchanan in Grand Bassa County; Bong Mines in Bong County to the Freeport of Monrovia; and Liberia Mining Company in Bomi County to the Freeport of Monrovia. In 1989, all railroad systems closed due to the cessation of iron mining operations and large sections

of the rail lines were dismantled and exported as scrap. Since then, a company called Geoservices Incorporated has been instrumental in rehabilitating the Bong Mines railroad, which also helps commuters and farmers transport their produce to Monrovia. The rail link between Yekepa and Buchanan is expected to be rehabilitated with the signing of a mineral development agreement between the Government of Liberia and ArcelorMittal.

Air Transport

Fifteen years of insecurity in Liberia has reduced the demand for air service to and from Monrovia. SN Brussels of Belgium and Astreus Airlines of London are two international airlines that fly directly to Monrovia from Europe. There are several regional carriers flying from Monrovia to neighboring countries in West Africa.

The Roberts International Airport (RIA), about 45 miles outside Monrovia, is the only international airport in the country. Most of RIA's infrastructure was destroyed. The other airport with a paved runway is James Spriggs Payne in Monrovia. It is currently used as UN air base. There are several gravel-surfaced airstrips throughout Liberia. Air transport is limited to small aircraft and helicopters. Liberia does not have a national carrier.

The services provided at RIA airport leave much to be desired, but the government has installed new management that is assisted by an internationally recruited financial controller provided under the Governance Economic Management Assistance Program (GEMAP) program. Air transport management is an issue that warrants comprehensive study and assistance.

Electricity and Water

Liberia lacks a functional central electricity generation facility. War destroyed power generation equipment including turbines, dams and transmission lines. The Mount Coffee hydro-electric dam, which once supplied Monrovia and its environs with 65 megawatts of electricity, sustained heavy damage and requires massive repairs. The lack of electricity is a serious impediment to economic recovery. Companies and individuals endure the inconvenience, inefficiency, and high cost associated with purchasing their own generators and diesel fuel to produce electricity. The Government of Liberia, with assistance from international donors, initiated a pilot electricity project to provide street lights for Monrovia and strategic infrastructure such as schools and hospitals.

The lack of pipe borne water throughout Liberia is another serious impediment to economic recovery. The water distribution network in Monrovia and other parts of the country that used to bring water directly to homes and factories is broken. In February 2004, a United Nations needs assessment document estimated that it would cost nearly US\$12 million to restore running water to the city of Monrovia. Presently, water is provided to businesses by tanker trucks that get water from deep wells drilled in the suburban areas.

The main water utility, the Liberian Water and Sewer Corporation (LWSC), with assistance from the EC, has begun the rehabilitation of pipes and water pumping equipment in Monrovia. Some communities are now receiving pipe borne water, but substantial investment and sound management is needed to ensure water supply.

The provision of electricity and water is crucial to Liberia's economic recovery and a challenge for the government as it tries to attract much need investment to impact the high rate of unemployment.

Service Sector

Over the last two decades, the Liberian service sector has declined. Many basic service companies went out of business. The lack of public utilities and poor road conditions compound the problems in this sector. Growth in the service sector is crucial for the socio-economic resuscitation of the country, especially financial and banking services. The service sector represents 18 percent of GDP.

Liberia's seacoast has many beautiful beaches and an exotic wildlife sanctuary in Sapo National Park, but insecurity and lack of a viable service sector chokes opportunities in the tourism and hotel industries.

The "informal sector" represents the largest segment of the service sector and is the major source of employment and income for thousands of Liberians. This sector includes Liberians in small scale retailing of general merchandise, construction, machinery, food and janitorial services. The informal service sector serves as a cushion for the unemployed in the face of high unemployment and is a likely leader of Liberia's economic recovery process.

Mining Sector

Prior to Liberia's civil conflicts, mining was the most important sector of the economy, accounting for two-thirds of Liberia's exports. Liberia was once one of the world's major producers of iron ore, but all iron ore mines are now closed. Liberia also has significant diamond deposits. Diamond mining was suspended due to United Nation Security Council (UNSC) Resolution 1521 but has since been re-opened and Liberia is a member of the Kimberly Process. Gold is mined in small quantities and there are known deposits of bauxite, manganese, columbite, uranium, tantalite, copper, tin, lead and zinc. The rehabilitation of the destroyed railways and port facilities are critical to the recovery of the mining industry.

Iron Ore

Liberia has three major iron ore deposits: the Wologisi deposit in Lofa County (unexploited because there is no connecting railroad), Bong Mines in Bong County (abandoned), and the Western Area surrounding Yekepa in Nimba County (concessioned to ArcelorMittal in 2007). There are also rich deposits in Guinea at Mifergui and Simandou. Iron ore from the western area provided roughly half of the government's revenues until the mines closed in 1990. Since then, the infrastructure that supported the mines has been almost completely looted and destroyed. In addition, port infrastructure that facilitated exports has also decayed.

The government of Liberia signed a mineral development agreement with ArcelorMittal to mine the iron deposit in Yekepa, Nimba County. The contract was concluded following review of the previous agreement signed with the NTGL. As part of the GEMAP, all contracts signed by the NTGL were reviewed. The renegotiated agreement was concluded and ratified by the legislature in May 2007. Mittal Steel Liberia is expected to rehabilitate much of the port and rail infrastructure in the Buchanan and Yekepa areas. AMLIB, a Liberia joint venture company with American investors, recently rehabilitated the rail link from Bong Mines to Monrovia.

Restarting the iron ore industry will benefit Liberia's infrastructure and create much needed employment. Iron ore exploitation will prompt the restoration of the port at Buchanan, the Buchanan-Yekepa rail line, and open the possibility of connecting this rail line to iron ore deposits in Simandou and Mifergui in Guinea.

Diamonds

Liberia is rich in diamonds. Alluvial diamonds are commonly found in streambeds and river gravels where they eroded from upstream deposits. Kimberlite pipes are formations of highly compressed rock containing diamond deposits. Alluvial deposits are less expensive to mine as they are harvested near the surface. 'Backyard' prospectors are commonplace in Liberia using picks and shovels. Diamonds are mined in Gbarpolu, Bomi, Lofa, Bong and Nimba counties. There is potential for Kimberlite mining but this process is capital intensive.

During the civil war in Sierra Leone, the Revolutionary United Front (RUF) commonly used Liberia as an export market, with the proceeds funding their military operations. There were also allegations that terrorist organizations were laundering money by using diamonds exported from Liberia. UNSC Resolution 1521 of 22 December 2003 established sanctions on the export of diamonds from Liberia.

The new government of Liberia, in collaboration with international partners, sought to reform the diamond mining industry and to comply with the Kimberly Process. In May 2007, Liberia was granted preliminary Kimberly Process certification and the UN Security Council lifted sanctions on diamonds exports in May, 2007. A Liberian moratorium on mining was lifted in July 2007 and licenses for small alluvial claims have

resumed. Larger, mechanized mining licenses will be issued following the completion of a new Mineral Development Agreement format.

Oil Sector

Liberia, like much of West Africa, has significant prospects for deep-water oil exploration. Responsibility for oil exploration belongs to a parastatal, the National Oil Company of Liberia (NOCAL). In 2004, NOCAL commissioned a two dimensional (2D) seismic study of the offshore shelf, and divided the territory into 17 blocks. Thereafter, a bidding process was commissioned by NOCAL for companies to acquire licenses for exploration in the 17 blocks. Two blocks were awarded in a no-bid process, one each to Repsol (Spain) and Oranto (Nigeria). Six additional blocks were awarded through a bidding process in June 2005 to Broadway Consolidated (UK), Regal Petroleum (UK) (two blocks), Woodside (UK), Repsol and Oranto.

NOCAL is handling of the licensing process has come under scrutiny from local and international stakeholders. The Executive Branch decision to fast track several of the exploration contracts without review as agreed in the GEMAP document was rejected by the national Legislature. NOCAL has been requested to ensure that the finalization of all its concession meets the rules set aside in the petroleum law and Public Procurement and Concession Act.

Agriculture Sector

Rubber

Liberia has significant competitive advantages for rubber production because of the absence of many predatory fungi as well as a favorable climate and good soils. Liberia's share of the world rubber market has plummeted to around 2% as production has increased in Asia and other African countries, and fallen locally. The rubber market in Liberia is potentially valued at approximately \$42 million per year. Liberian rubber producers generally export raw latex and rubber bricks, though the government is encouraging the development of more value added processing and manufacturing.

As a result of 15 years of neglect, the rubber industry in Liberia is dying. Most rubber trees have reached their maximum productive age.

The Companies

Firestone is the biggest and best-known rubber producer. Firestone concluded a renewal of its long-term concession agreement with the NTGL in 2005 and a renegotiation process with the new government in 2007. The company has undertaken the clearing and replanting of thousands of acres since 2005, and is actively working to reinvigorate the industry by providing free rubber stumps and technical assistance to small farmers. USAID is a partner in the Liberian Rubber Alliance which seeks to promote the

redevelopment of smallholder rubber as an economically important crop for Liberian agriculture.

Firestone purchases nearly all of the rubber produced in Liberia, processes it at its plant in Harbel, and exports it to the United States through the Monrovia Freeport. As the only direct exporter to the United States, the US Coast Guard Port Security Advisory on Liberia directly affected Firestone. Firestone worked with the Coast Guard and the National Port Authority to implement special security arrangements to enable it to avoid the most draconian provisions of the PSA.

Guthrie Rubber Plantation is the second largest rubber company located in Bomi County. It stretches for 15 km along the main road from Monrovia to the western border of Sierra Leone. The government has succeeded in negotiating the handover of the plantation from ex-combatants from LURD had occupied and slaughter tapped the trees. A task force spearheaded by the Ministry of Agriculture and the Rubber planters Association of Liberia have installed a temporary management team to run the affairs of the plantation. The Malaysian company that held the concession in the 1990's is considering reengaging in rubber production in Liberia.

LAC/Weala is located in Grand Bassa and Bong Counties respectively. LAC has a 120,000 hectare land concession acquired more than 40 years ago. It exported rubber from the concession until 1992 when the war forced the operation to shut down temporarily. The ownership of the land and the company's assets has been a source of ongoing contention due to confusion created by the conflict and other financial matters.

In 1998, a Luxembourg holding company called Socfinco purchased 75 percent of LAC and Weala Rubber Corporation. Socfinco developed a \$7 million program to rehabilitate and expand the LAC rubber plantation. LAC/Weala produced almost forty percent of the total rubber produced in the economy.

Small rubber companies and individual farmers contribute significantly to the rubber industry. However, because of insecurity and lack of access to capital, many small farms have been neglected. Trespassers fell trees for charcoal and slaughter tap them for rubber. The revitalization of these small farms is crucial for the recovery of the rubber sector. USAID and other members of the Liberia Rubber Alliance plan to assist these small farmers reinvigorating the industry. Clearly defined government policy and financial assistance is needed to ensure success.

Fisheries

Fishing in Liberia is a major occupation especially for the women and youths, with an estimated 33,000 full-time fishers and processors involved with 3,500 canoes and 30 trawlers in operation both inland and offshore. There are probably hundreds of thousands of part-time fishers, processors and mongers in Liberia.

The importance of fisheries to the national economy has not been recognized and given the needed attention. The enormous contribution by the sector to national GDP is overshadowed by the involvement of institutions other than the Bureau of National Fisheries (BNF) which collect fisheries-related revenues. Underreporting of catch and revenues generated directly by the BNF has indeed given a misleading impression of this sector's performance and potentials to contribute significantly to the national economy.

Domestic production in 2005 was reported as 6,856.901 metric tons for both industrial and artisanal sectors. Fish import for the same period were 11,071.743 metric tons, suggesting a total fish demand of 17,928.644 metric tons. Though grossly under-reported, domestic production accounts for less than fifty per cent (about 38.25%) of total fish supply. This can be attributed to a number of factors: large amounts of catch are taken away by foreign boats packaged in deep sea and brought in as imports. The illegal sale of fish and fish products by registered boats to larger vessels on high sea for foreign exchange is also a cause for concern.

Timber Sector

Liberia contains the last intact vestiges of virgin West African forest. Half of the country's land area of 37,150 square miles (9,675,000 ha) is composed of tropical forest. The timber industry has undergone three major transitions over the past 25 years. After Samuel Doe seized power in 1980, a booming industry achieved the highest harvest volumes yet: in 1989, ~ 3 million cubic meters (m³) of timber was produced. The industry stagnated during the civil war of the 1990s. In 1997 under the Taylor government, timber production was established as an important source of revenue. This resource was used by Taylor to promote conflict in West Africa. According to the Central Bank of Liberia, timber comprised more than 50% of reported exports, and according to the IMF, timber contributed more than 20% of GDP. Before imposition of UN sanctions on timber exports in 2003 the industry accounted for up to 8000 jobs, though many were rural, informal, and paid less than 50 USD per month.

The Forestry Development Authority (FDA) manages Liberia's forests, which include 5 million hectares of concessions held by 30 companies at the end of the Taylor regime in 2003. By Executive Order Number One (1) of February 2, 2006, all timber concessions were declared null and void for failure to comply with the rule of law. The government declared a moratorium on timber exports in June 2006 and recommitted itself to a forestry reform process. A new Forest Law was passed by the National Legislature on 19th September 2006. This law is relevant because it meets agreed international best practices and underscore transparency and accountability in the forest sector. The Liberia Forestry Initiative, (consortium of the U.S. government, World Bank, GOL and International NGOs) is assisting the FDA with reform of its revenue collection and production monitoring procedures. FDA granted a management contract to European firm SGB in 2007 to manage the Chain-of-custody process to the point of export. The FDA expects to begin re-issuing timber licenses in the fall of 2007.

Between 2000-02 about 65% of Liberian timber exports went to European markets and 35% to Asian markets. Total exports were between 635,000 and 1,000,000 cubic meters. The majority of timber exports were round logs. One company, produced veneers and plywood in Buchanan until 2002.

Investment Potential: The restructuring of the FDA and the concession process should present investors fewer bottlenecks and bureaucratic red tape. Capital strapped local companies will likely seek partners for concession management and equipment procurement needed to start operations. The government has made the construction and rehabilitation of the countrywide road network one of its priorities; this should contribute to the movement of timber and various agriculture products to point of export.